

HART SCHAFFNER & MARX



Tenth Annual Report
November 30, 1920



HART SCHAFFNER & MARX

CHICAGO

NEW YORK

New York, January 24, 1921

To the Stockholders

The Board of Directors herewith submits to you the financial statement of the Company for the fiscal year ending November 30, 1920, together with the report of the auditors, Messrs. Price, Waterhouse & Company, Certified Public Accountants

The year opened in the midst of a strong demand, marked scarcity and rising prices. Our volume of sales in the first six months of the year was about equal to the entire sales of 1919 but despite our enormous gain in shipments net profits were inevitably less than a year ago. This was due to the close selling which conditions necessitated and to depreciations and reserves made to reflect a proper showing of the Company's status. That our stocks turned frequently during the year is shown by the fact that our merchandise holdings are less than half those of a year ago

Receivables have increased largely but the accounts are those of leading retailers of the country who are gradually liquidating their own holdings and making payments. The big collection months of November and December were satisfactory and the amount of outstandings at this writing has been reduced since November 30, 1920 by approximately \$5,000,000

Liberty Bonds, after being held as long as patriotic reasons might require, were sold during the year and the loss charged against current profits

Equipment was increased by \$203,087 in the early months of the year in accordance with plans previously made. This was fully required to meet the heavy demands for merchandise and all this equipment will be needed for future operations

Liabilities consist of moneys owing for commercial paper and for merchandise received or in transit and for accrued wages and taxes. During the large operations of the year, the Company required considerable sums which were promptly supplied through the usual channels. All loans direct from banks were taken up in November, practically all of such indebtedness being paid before it was due. As much of our commercial paper was anticipated as possible. At this date, January 24, 1921, the total amount owing for borrowed money is \$267,500, and we have enough cash on hand to cover all our liabilities, including all taxes for 1921

It was determined to write off a portion of the Company's good will. Action to this effect was recommended by the Executive Committee at a meeting held on December 31, 1920 and was subsequently ordered by the Board of Directors. The item of good will as the same appeared among our assets has been reduced from \$15,000,000 to \$10,000,000 and the accumulated surplus of the business has been reduced by the same amount, leaving ample surplus for all recognizable needs

Respectfully submitted

HARRY HART, *President*

BALANCE SHEET—

AFTER GIVING EFFECT TO
ORDERED BY BOARD OF D

Assets

Good Will, Trade Names and Trade Marks

\$15,000,000.00

Less—Amount written off

5,000,000.00

\$10,000,000.00

Shop Equipment and Fixtures, including Office Furniture

\$1,039,657.93

Less—Depreciation reserve

433,706.10

605,951.83

Current Assests

Inventories of materials and finished
and partly finished merchandise
on hand and in transit, at cost or
market whichever is lower, less
reserve

\$2,691,955.15

Accounts and bills receivable,
less reserves

11,101,350.71

Sundry accounts, including amounts
due from employees for purchase
of Company's common capital
stock

74,572.15

Cash in banks and on hand

2,781,523.34

16,649,401.35

Deferred Charges to Future Operations

Prepaid insurance, interest, etc.

175,065.45

\$ 27,430,418.63

NOVEMBER 30, 1920

REDUCTION OF GOOD WILL
DIRECTORS SINCE THAT DATE

Liabilities

Capital Stock

7% cumulative preferred stock— Originally authorized and issued— 50,000 shares of \$100.00 each	\$5,000,000.00	
Less—Redeemed and cancelled 16,860 shares of \$100.00 each	<u>1,686,000.00</u>	
	3,314,000.00	
Common stock— Authorized and issued— 150,000 shares of \$100.00 each	<u>15,000,000.00</u>	\$18,314,000.00

Current Liabilities

*Bills payable—Bankers loans	\$3,242,500.00	
Trade accounts payable — including liability for goods in transit	575,627.85	
Accrued pay rolls, Federal and other taxes payable in 1921, etc., includ- ing last installment of Federal taxes for 1919, paid December 15, 1920	2,538,051.57	
Preferred stock dividend, payable Dec- ember 31, 1920	<u>57,995.00</u>	6,414,174.42

Reserve for Contingencies 750,000.00

Surplus, as per accompanying statement 1,952,244.21
\$ 27,430,418.63

*Reduced to \$267,500 by January 24, 1921

SURPLUS AND INCOME ACCOUNT

FOR THE FISCAL YEAR ENDING NOVEMBER 30, 1920

Net Profits for Year

After deducting manufacturing, marketing, administrative expenses and interest on loans and provisions for deprecia- tion of equipment, doubtful accounts and federal taxes and after setting aside reserves for commitments and contingencies	\$2,013.054.77
Add balance of surplus at Dec. 1, 1919	<u>4,085,169.44</u>
	\$6,098,224.21

Deduct—

Dividends paid and declared			
Preferred stock—7%	\$231.980.00		
Common stock—4%	600,000.00		
Reduction of good will—			
Amount written off:	\$5,000,000.00		
Less—			
Preferred stock redemption fund applied thereto	1,686,000.00	<u>3,314,000.00</u>	<u>4,145,980.00</u>

Unappropriated Surplus

At November 30, 1920	
As per balance sheet	<u><u>\$1,952,244.21</u></u>

Certificate of Accountants

To the Stockholders of
Hart Schaffner & Marx

We have examined the books and accounts of Hart Schaffner & Marx for the fiscal year ending November 30, 1920, and certify that the foregoing Balance Sheet and Surplus and Income Account are correctly drawn therefrom

The merchandise and materials on hand, as shown by inventories certified by the responsible officials, are stated in the balance sheet at cost or market, whichever is lower, less reserve. Liberal provisions have been made for bad and doubtful accounts receivable, discounts, commitments, contingencies and for all ascertained liabilities. The cash and bank balances have been verified by actual count or by certificates from the depositaries

WE CERTIFY that, in our opinion, the Balance Sheet and relative Surplus and Income Account are properly drawn up and show the true financial position of the Company on November 30, 1920

PRICE, WATERHOUSE & CO.

Certified Public Accountants

Chicago, January 18, 1921

